



THE Agricultural Situation

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[**The AGRICULTURAL SITUATION is sent free to crop and price reporters in connection with their reporting work**]

Editor: Wayne Dexter

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The OUTLOOK for 1951

THE OUTLOOK for 1951 points to higher incomes for most farmers than in either 1949 or 1950. But taxes and the costs of farming and of living also will be higher. And there may be increasing difficulties in obtaining supplies and farm labor.

Several factors underly this prospect.

With increasing spending under the military program giving a powerful push to the economy, business and industrial activity in the United States will rise above the record levels of this year.

More people will have jobs, wages will be higher, hours of work longer and incomes larger.

Stronger Demand

Expanding buying power of consumers will raise demand for nearly

all types of goods—farm and non-farm—well above 1950.

Farmers are expected to respond to the increase in demand with record production, if the weather is normal. In view of the price increases for agricultural commodities that already have occurred and the likelihood of larger agricultural production in 1951, cash receipts from farm marketings probably will be up at least 10 percent next year.

Higher Net Expected

Production costs of farmers also will go up but not enough to offset all of the gain in receipts.

For 1951 as a whole, farm operators are expected to realize a net income at least 15 percent higher than is estimated for this year. This also would

In This Issue

The outlook for 1951 presented in this month's Agricultural Situation is based on material prepared in the Bureau of Agricultural Economics for the 28th Annual Agricultural Conference held at Washington, D. C., from October 30 to November 3.

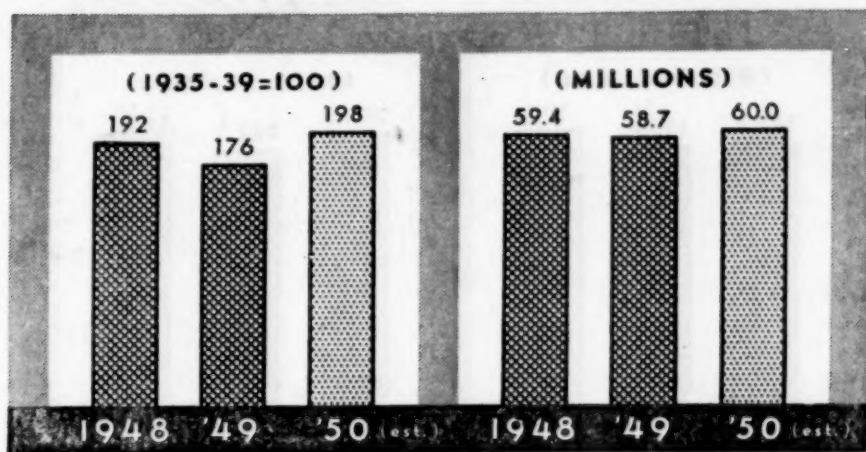
The Outlook Conference was sponsored by the Bureau of Agricultural Economics, the Bureau of Human Nutrition and Home Economics and the Extension Service. Attending the conference were 143 representatives of the Extension Service, and the Agricultural colleges of the various States.

The primary purpose of the Outlook Conference is the exchange of information about the economic prospects for agriculture. This information is relayed to farmers to aid them in their planning for the next year.

In addition to speakers from the Department of Agriculture, the State Extension Services and the State colleges, speakers from the Council of Economic Advisors, the Federal Reserve System and the Department of Commerce also were on the conference program.

INDUSTRIAL PRODUCTION

CIVILIAN EMPLOYMENT



BAE 47875

Industrial production and civilian employment hit peacetime peaks in 1950. Production is measured by the Federal Reserve Board index; employment by Bureau of Census and Bureau of Labor Statistics. (See charts on next page.)

be above 1949 but below either 1947 or 1948.

Before going into more detail about next year's prospects, it will be worthwhile to fill in the background with a brief review of recent trends. During the first half of 1950, demand for farm products and other commodities increased steadily as the economy recovered from the 1949 slump.

The upward trends accelerated sharply after the outbreak of war in Korea.

Record Activity

We greatly expanded our military program. Business men decided to spend more to improve and increase their plants and equipment than they had intended earlier. Consumer buying spurted sharply, particularly for goods that might be in short supply in a wartime economy. Although buying has slackened it remains above the levels of a year earlier.

By fall, our economy was operating at the highest rate in history, except for the peak of World War II.

The statistics show the changes in our economic situation this year.

In October, industry was producing at the highest peacetime rate on record. Output was 17 percent higher than last January and 30 percent above a year earlier.

The number of people at work in October was 61.8 millions, 4.9 millions above January and 2.8 above a year earlier.

Spending for new homes, industrial buildings, roads and other types of construction held up better than other types of activity during 1949. In 1950, construction expenditures continued to rise and in October were 2.7 billion dollars, 600 million above January and 800 million above a year earlier.

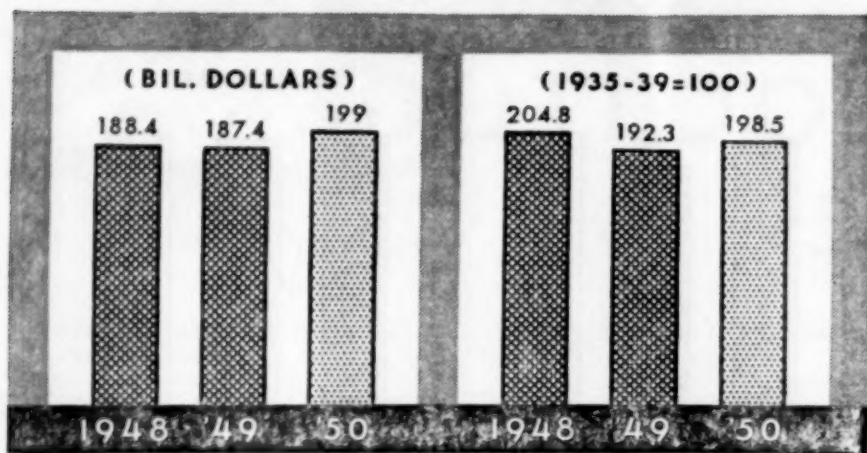
Disposable income of consumers (personal income minus taxes) in the third quarter was 202 billion dollars compared with 198 billions in the first quarter and 185 billions a year earlier.

Prices Trend Upward

Price trends this year reflect the expansion in consumer buying power. From January to November prices received by farmers rose an average of 17 percent. The wholesale price level

CONSUMER INCOME

WHOLESALE PRICES



B A E 47076

Consumer incomes also rose to record levels. As buying power expanded, BLS index of wholesale prices rose close to the 1948 peak. Consumer income is measured by Department of Commerce's Disposable personal income index.

was up 13.6 percent and was slightly above the 1948 peak. Retail prices paid by both farmers and city people also trended upward though at a slower pace. Sharpest increase in prices were registered in July and August after the Korean war began.

The charts accompanying this article compare several of the important measures of economic activity for 1950 with 1948 and 1949. The bars on the charts show the averages for each of the 3 years.

Prices Drop 24 Percent

Although agriculture has shared in the general economic improvement, farmers' prices and incomes are not setting any records this year.

The postwar adjustment for agriculture was much more severe than for business and industry. From the high point reached in January 1948 to the low of December 1949, prices received by farmers dropped an average of 24 percent. Even with the recovery made this year, farmers' prices for 1950 will average only slightly above 1949 and more than a tenth below the 1948 peak.

With the volume of marketings slightly lower than in 1949, farm in-

come will show another drop. Gross farm income in 1950 is expected to be slightly below 1949 and 3.2 billion dollars below the 1948 peak. Since costs have stayed high, net income realized by farm operators is expected to be about 13.3 billion dollars this year compared with 14.9 in 1949 and the 1947 peak of 17.8 billions.

Turning to the outlook for 1951, the most important factor is the defense program. Spending for military purposes is now running at an annual rate of about 15 billion dollars. Under the present program, the rate is expected to about double by mid-1951 and to continue to rise in the 1951-52 fiscal year.

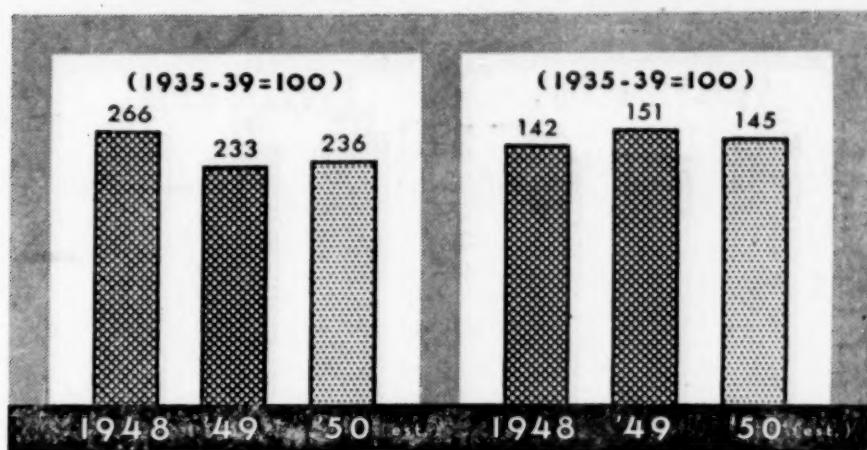
The effort to produce goods needed for our expanding military forces is expected to push employment and incomes to new highs in 1951. This will mean a stronger demand for nearly all goods and services.

Stronger Foreign Demand

Foreign demand for many products also is likely to increase next year with food a probable exception. We are now importing at the highest rate since

PRICES FARMERS RECEIVE

FARM MARKETINGS



DAE 47003

Prices received by farmers recovered during 1950, reflecting stronger consumer demand, but stayed well below the 1948 peak. The volume of farm products marketed was a little below 1949. (See charts on next page.)

the war ended and are likely to buy more as the stockpiling program gains momentum.

The dollars received by foreign countries from this trade will more than offset reductions in United States economic aid—making them better able to buy from us. Furthermore, special appropriations for military aid will finance exchange of goods for military uses.

Shortages Likely

Much of the increased output of industrial products in 1951 will go to the armed services. Supplies of some goods, particularly those containing metals and other materials needed for armaments, probably will be smaller than this year. If shortages prevent consumers from buying as much manufactured goods as they would like, they may tend to increase expenditures for food. This would further strengthen demand for farm products.

In contrast to the tight supply situation in prospect for some industrial commodities, supplies of most farm products should be abundant next

year. If the weather is normal, farmers are likely to boost output to a new record.

Increased marketings of cattle and hogs are expected to account for much of the gain. Increases are expected for many other farm commodities.

The prospects for demand and supply of most consumer and industrial commodities indicate that inflationary pressures will continue in 1951. The extent to which these pressures are translated into higher prices depends on several factors.

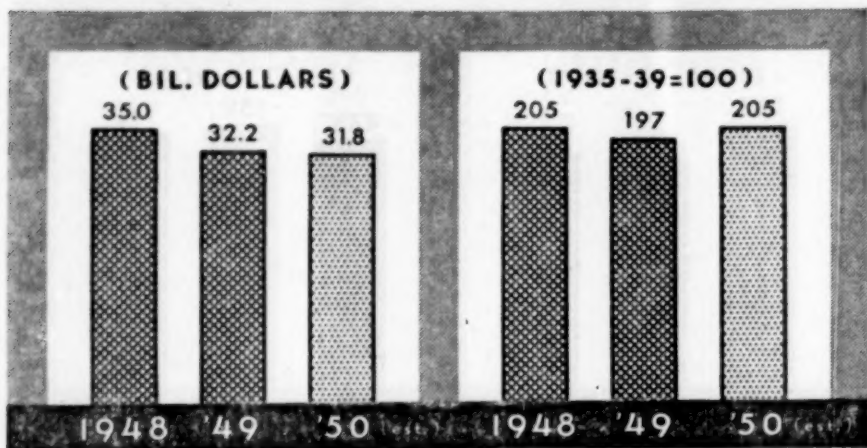
One of them is the defense program. Any increase or decrease in military expenditures from those now planned would affect the price outlook.

Government Actions

By far the most important are the actions that may be taken by the government to reduce the impact of expanding buying power. Anti-inflationary measures include higher taxes, credit restrictions, allocation of scarce materials and control of inventories. Steps in these directions are being taken. Furthermore, the President has

GROSS FARM INCOME

PRICES FARMERS PAY



DAE 47884

With farmers' prices only slightly above 1949 and marketings smaller, gross farm income dropped slightly. Prices paid by farmers, interest, taxes, and wage rates rose steadily in 1950; average for year equalled 1948 peak.

authority to ration consumer goods and to set ceilings on prices in conjunction with stabilizing wages.

Another factor is what business and individuals decide to do with the large amount of money invested in savings, bonds and other liquid assets. Any large scale spending of these reserves would increase the likelihood of further price advances.

Higher Average for 1951

The advances made in prices received by farmers this year means that they will be considerably higher than a year earlier as 1951 begins. Some further moderate increases next year may occur. Prices of a number of commodities are still under the parity or minimum ceiling level. But whether or not there is any advance above current levels, the average for 1951 will be well above 1950.

Farmers also are expected to pay higher prices for production goods than in 1950. However, prices farmers receive are likely to compare more favorably with those they pay than in 1950.

This year, the index of prices paid by farmers including interest, taxes and

wages rates has advanced about 6 percent compared with the 17 percent gain for the index of prices received. As a result, farmers' prices rose from 6 percent below parity last January to 5 percent above in November. However, the average for the year is slightly below parity.

Prices farmers receive are likely to continue at or slightly above parity during 1951.

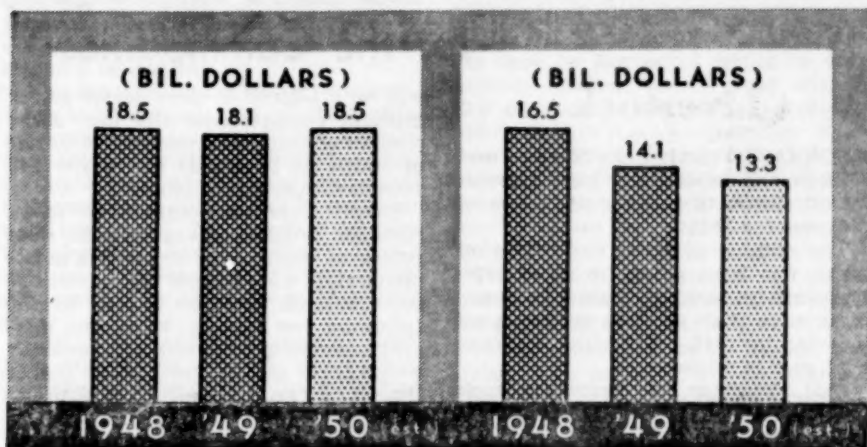
Prices of practically all of the important cost items will be higher next year, particularly farm machinery and equipment, motor supplies, livestock, building materials, and farm wage rates. Feed, seed and fertilizer prices are expected to advance above 1950 levels.

Supplies Adequate

Generally, supplies of farm production items probably will be adequate for farmers' needs, particularly in the first half of the year. There may be a few exceptions, for example, some kinds of insecticides and fungicides. Temporary local or seasonal shortages also may occur and it will pay farmers to order early the things they will need.

PRODUCTION COSTS

OPERATORS' NET INCOME



B A E 4789B

Expenses of farm production also increased in 1950. With gross farm income down and production costs up, net income realized by farm operators declined for third consecutive year.

Not only will farmers pay higher prices for production items but they are likely to buy a larger total quantity. Total farm production expenditures in 1951 are expected to rise 5 to 10 percent above this year when they were about as high as they have ever been.

Although production costs will be higher in 1951, the gain is expected to be more than offset by the rise in gross farm income. As a result, the net in-

come realized by farm operators in 1951 probably will be at least 15 percent above this year. However higher taxes and rising living costs will cut into the buying power of the dollar. Shortages of some consumer goods, particularly the durables such as refrigerators, washing machines and building materials may prevent farmers from buying as much of these items as they were able to get in 1950.

Price Control Prospects

"Changing conditions might force reconsideration, but right now we are not thinking in terms of price controls or ceilings. In this connection, it is important to understand the price provisions of the Defense Production Act. This Act specifies that no ceilings are to be placed on agricultural commodities which are lower than the higher of two standards: parity, or the highest prices during a May-June period this year. Nearly all food commodities are below parity now. The very few which are above parity are pretty close to the May-June level."

Ralph S. Trigg, Administrator, Production and Marketing Administration, in a speech November 14, 1950.

The Outlook for the Commodities

Livestock

INCREASED marketings of cattle and hogs and moderately higher prices for all classes of meat animals are in prospect for 1951.

The number of cattle and calves on farms has been going up since 1948. The gain in 1950 probably is somewhat more than the two million head increase in 1949. A further increase next year is probable.

Calf slaughter has decreased each year since 1947 as producers withheld them from the market to build up herds. Fewer calves are being slaughtered in 1950 than in any year since 1943. Little or no increase is likely in 1951.

The somewhat larger cattle marketings expected next year would be the first increase to result from the current upswing in numbers on farms.

Our annual pig crops also have been increasing. The 99 million pigs saved this year is almost a fifth more than in 1946. With the hog-corn ratio considerably above average this fall, the 1951 spring crop may be larger than in 1950. The gain, now expected to be about 5 percent, will be indicated more accurately by the BAE pig crop intentions report to be issued December 21. Weights of hogs marketed this fall have been running heavier than last fall. Next year weights will probably be a few pounds heavier than this year.

The sheep and lamb population has been going down for 7 years but the decline may have ended this year. Numbers might go up a little in 1951. Marketings, however, are not likely to increase; they may even decline if producers hold back a large proportion of lambs to rebuild flocks.

This outlook indicates that 3 to 5 percent more meat will be produced than in 1950. All of the gain will come from a small increase in beef and a little larger increase in pork. Enough meat

will be produced to provide for larger military requirements and may allow civilian consumption per person to rise as much as 3 pounds above the 145 pounds estimated for 1950.

Despite increased supplies of meat, stronger demand is expected to raise prices of each class of meat animals moderately above 1950. However, the price outlook could be altered by the following two factors: First, any general commodity price inflation probably would carry meat animal prices higher than is now anticipated. Second, prices this fall have been near minimum ceilings as defined in the Defense Production Act of 1950. Any substantial rise would put them with the range of possible control.

Dairy Products

RISING incomes of consumers are the dominant factor in the outlook for dairy products in 1951.

With higher incomes will come a stronger demand and the probability of moderate increases in prices of milk and farm separated cream. Dairy farmers' receipts are expected to rise more than costs and their net returns for the coming year will be higher than in 1951.

The rise in demand for dairy products is not likely to be accompanied by increased production as will be the case with some other farm products. Larger increases in prices for meat animals and some cash crops than for dairy products probably will tend to prevent increased milk output in some areas. Greater opportunities for off-farm employment may make labor more difficult to obtain. Increased acreages of wheat, corn, and other cash crops will tend to end increases in cow numbers in areas where those crops are grown.

For the country as a whole, the cow population will be about the same as in 1950 and will continue to be fed large quantities of concentrates.

It looks as though milk production in 1951 will not be greatly different from this year. However, a slightly larger quantity of dairy products probably will be available to United States markets. Stocks carried into 1951 will be larger than in 1950. Exports probably will be smaller.

The demand and price picture indicates that consumption of fluid milk and cream per person will rise slightly over 1950. Together with the increase in population, this probably will push total fluid milk and cream consumption to a new high. Ice cream consumption also may increase, ending a 4-year decline. Consumption of other dairy products will be about the same as this year.

With more milk consumed as fluid milk and cream and ice cream, less probably will be used to make butter and cheese. This indicates that the Government will purchase less of these two items for price support than in either 1949 or 1950. Nonfat dry milk solids are likely to provide the most troublesome surplus problem encountered in 1951.

Eggs and Poultry

PRICES of eggs, and perhaps of poultry, are not likely to rise as much in 1951 as most other farm products.

This fall, it looked as though the laying flock on January 1 would be only slightly smaller than a year earlier. Egg production next spring probably will be close to that of last spring. Even more eggs might be available to consumers since dried eggs will not be purchased under a Government price support program as was the case last spring.

The output in prospect for next spring probably would result in lower egg prices than a year earlier. With feed costs expected to be higher, the laying flock probably will be reduced. This would reduce egg production next fall and strengthen prices. This leads to the likelihood that the difference between prices in the spring and the fall will be greater than usual.

The poultry meat price outlook is more favorable than for eggs. Higher

Prices Received by Farmers

(1910-14=100)

| | No- vember 1950 | No- vember 1949 | 1945-49 high | | Percent change, No- vember 1950 from— | |
|-------------------------------------|-----------------------|-----------------------|--------------|--------------------|--|---------------------|
| | | | Level | Date | No- vember 1949 | 1945- 49 high |
| Food grains..... | 224 | 215 | 322 | January 1948..... | +4 | -30 |
| Feed grains, hay..... | 192 | 157 | 322 | do..... | +22 | -40 |
| Cotton..... | 346 | 233 | 317 | October 1946..... | +48 | +9 |
| Tobacco..... | 428 | 369 | 410 | October 1948..... | +16 | +4 |
| Oil bearing crops..... | 351 | 220 | 409 | January 1948..... | +60 | -14 |
| Fruit ¹ | 212 | 189 | 289 | December 1945..... | +12 | -27 |
| Truck crops ¹ | 201 | 234 | 302 | November 1947..... | -14 | -33 |
| Other vegetables..... | 144 | 188 | 290 | April 1948..... | -23 | -50 |
| Meat animals..... | 357 | 286 | 400 | July 1949..... | +25 | -11 |
| Dairy products ¹ | 249 | 242 | 327 | July 1948..... | +3 | -24 |
| Poultry and eggs ¹ | 190 | 192 | 247 | August 1948..... | -1 | -23 |
| All crops..... | 250 | 210 | 288 | January 1948..... | +19 | -13 |
| All livestock products..... | 299 | 262 | 336 | August 1948..... | +14 | -11 |
| All commodities..... | 276 | 237 | 306 | January 1948..... | +16 | -10 |

¹ Seasonally adjusted.

consumer incomes and higher prices for meat will tend to bring higher prices for chicken and turkey.

If fewer chickens are raised for laying flock replacement than this year, the supply of chicken from farm flocks would be reduced. On the other hand, commercial broiler output will continue large and might set a new record. The industry is expanding and the rise in chicken prices is expected to be greater than for feed prices. Storage stocks of chicken at the beginning of 1951 may be a little larger than a year earlier.

The turkey price outlook for 1951 is similar to that for chickens. Next year's crop may be smaller than in 1950 since prices this fall were below a year earlier. But a drastic decline does not appear likely.

Feed

THERE IS plenty of feed to meet our requirements for the October 1950-September 1951 feeding year. Demand will be stronger during 1950-51, some further increase in production of livestock products is expected and feed prices probably will be higher than last season.

Although the corn crop this year was smaller than in either 1948 or 1949, carryover on October 1 of 859 million bushels was a new record and the total supply was only 6 percent smaller than a year earlier. More corn will be used in 1950-51 than was produced this year and stocks next October 1 probably will be reduced to below 600 million bushels. Production of oats, barley and sorghum grains was large this year and no reduction in stocks of these grains appears probable.

Supplies of byproduct feeds in 1950-51 will be about as large as last season. The record output of soybean cake and meal will about offset the reduction in cottonseed cake and meal. Supplies of high protein meal will about equal the 1949-50 record.

The rise in prices of most feeds will be limited by the large stocks of feed grains, including those held under price support. Here is the price outlook for individual feeds:

Corn prices are expected to advance seasonally this winter and spring. The average for the season may not be much below the 1950 support level of \$1.47 per bushel. The average for last season was \$1.21.

Farm Production¹

(1935-39=100)

| Commodity group | 1950 | 1949 | 1945-49 high | | Percent change 1950 from— | |
|---------------------------|------|------|--------------|------|------------------------------|-----------------|
| | | | Level | Year | 1949 | 1945-49 high |
| Food grains..... | 144 | 166 | 197 | 1947 | -13 | -27 |
| Feed grains and hay..... | 177 | 185 | 207 | 1948 | -4 | -14 |
| Cotton..... | 77 | 125 | 125 | 1949 | -38 | -38 |
| Truck crops..... | 147 | 143 | 152 | 1946 | +3 | -3 |
| Other vegetables..... | 113 | 114 | 128 | 1946 | -1 | -12 |
| Tobacco..... | 134 | 136 | 160 | 1946 | -1 | -16 |
| Fruits and tree nuts..... | 122 | 121 | 133 | 1946 | +1 | -8 |
| Oil bearing crops..... | 351 | 330 | 367 | 1948 | +6 | -4 |
| Sugar crops..... | 115 | 96 | 110 | 1947 | +20 | +5 |
| Meat animals..... | 144 | 139 | 147 | 1945 | +4 | -2 |
| Dairy products..... | 119 | 117 | 119 | 1946 | +2 | 0 |
| Poultry and eggs..... | 180 | 169 | 170 | 1945 | +6 | +6 |
| All crops..... | 132 | 146 | 152 | 1948 | -9 | -13 |
| All livestock..... | 141 | 136 | 141 | 1945 | +4 | 0 |
| All commodities..... | 137 | 140 | 140 | 1949 | -2 | -2 |

¹ Volume of production for sale and home consumption.

Prices of oats and barley probably will average higher than a year earlier this winter and spring.

Prices of high protein feeds probably will rise in 1951. This fall they have been lower compared with feed grain prices than in the fall of 1949. They probably will continue relatively lower than a year earlier during much of 1950-51.

Hay supplies are the second largest on record. They are well distributed over the country with no serious shortages such as occurred in 1948 and 1949. However, the quality is below average in many areas.

Wheat

ANOTHER large acreage, a further increase in our reserves and the probability of an increase in the loan rate highlight the wheat outlook for 1951-52.

The national acreage allotment for the 1951 wheat crop is 72.8 million, the same as the allotment this year and two percent more than the acreage actually seeded for harvest in 1950. Seedings

have exceeded 72.8 million acres in only 7 years in our history.

If the allotted acreage is actually planted and yields equal the 1941-50 average, the 1951 crop would be 1,150 million bushels compared with the 1,010 million estimated for 1950. With stocks of old wheat next July 1 expected to be about 450 million bushels, the total supply for 1951-52 would be 1,600 million.

If the amount of wheat used in the United States and exported totals about 980 million bushels, the same as estimated for this year, stocks of wheat on July 1, 1952, would be about 620 million bushels. The largest carryover on record was 631 million bushels in 1942.

It has been announced that wheat in 1951-52 will be supported at a national average of \$.39 per bushel, the same as this season, or 90 percent of parity next July 1, whichever is higher. Because of the increase in the parity price expected by next July 1, the loan rate is expected to be 10 cents or more above the \$1.99 figure. Part of this increase will be offset by the discontinuation of payments by CCC of storage charges while the grain is under loan.

FARM PRODUCTION Now and Before World War II

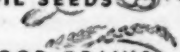
U. S. TOTAL * ..

MEAT 

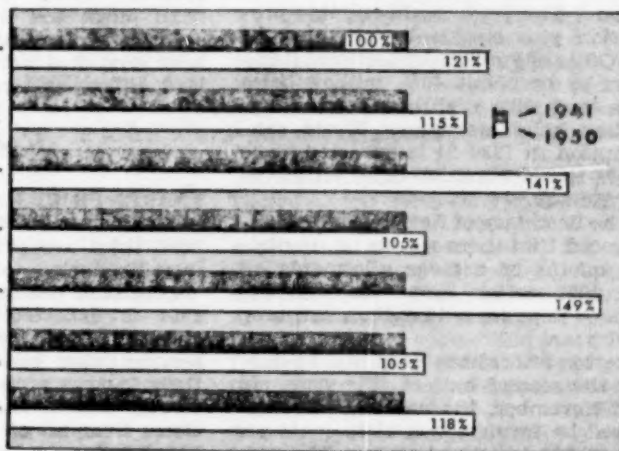
EGGS 

MILK 

OIL SEEDS 

FOOD GRAINS 

FEED GRAINS 



*BASED ON INDEX OF PRODUCTION FOR SALE AND HOME CONSUMPTION

U. S. DEPARTMENT OF AGRICULTURE

NEG. 47830-KK BUREAU OF AGRICULTURAL ECONOMICS

Cotton

THE MAIN feature of the cotton outlook for 1951 is the tightness of the supply in relation to strong demands from United States mills and foreign nations and our carryover requirements.

Our total supply for the year which began last August 1 is about 16.8 million bales compared with 21.4 million for 1949-50. The 1950 crop is estimated at 9.8 million running bales. Stocks on August 1 totaled 6.8 million bales and about .2 million bales are expected to be imported.

This season, United States mills are expected to consume about 10 million bales compared with 8.9 million in 1949-50. Foreign demand will continue strong but our exports will be substantially below the 5.8 million bales for last season because of export controls. Export allocations for the current season through March 21 total 3,466,000 bales. Before allocations were applied, about 120,000 bales were exported to countries for which no allocations have been made. In addition, about 250,000 bales probably will be exported to Canada.

Because of the small crop in the United States, world cotton supplies for 1950-51 also will be below last year, even though supplies outside the United States are 2.1 million bales larger. The total world supply—production plus stocks—is estimated by the Office of Foreign Agricultural Relations to be about 43½ million bales compared with slightly more than 46 million bales last year. World consumption in 1950-51 is expected to be above the 29.2 million bales estimated for 1949-50.

The Secretary of Agriculture has announced that there will be no marketing quotas or acreage allotments on the 1951 cotton crop. He also expressed hope for a 16 million bale crop next year.

Cotton prices have risen rapidly during the second half of this year. In mid-November, the average price received by farmers was \$1.13 cents per pound, 128 percent of parity. The mid-June price was 29.21 cents, 96 percent of parity, and the price in November 1949 was 27.67 cents.

Fats and Oils

SUPPLIES of fats and oils during the year which began last October 1 are again large but prices for most products are expected to average higher than during 1949-50.

Demand on the part of consumers and industry in the United States is expected to increase over 1949-50 with the largest gains for commodities used in paints, varnishes, linoleum, chemicals, rubber and other industrial products.

We are likely to export a smaller total quantity of fats and oils though we probably will continue to sell large amounts of tallow, lard, greases, soybeans and soybean oil to foreign countries. Increased demand from industry and the Government stockpiling program probably will result in larger imports of nonfood fats and oils. Imports of flaxseed, linseed oil, butter, most edible oils other than olive oil and inedible tallow and greases are being limited by controls.

Total output of fats and oils in the United States during 1950-51 is estimated to be slightly smaller than last season but larger than in any year before 1947-48. Cottonseed output this year is expected to be the third smallest in three decades. Output of butter and peanut oil also will be down from 1949-50. These declines will more than offset the increased output of soybean oil from the record 1950 soybean crop plus increased production of lard, tallow and greases.

Fruit

FRUIT PRICES as a group are less likely to move to a higher level in 1951 than are prices of most other farm products.

Consumer demand for fresh fruit in 1951 is expected to be moderately stronger than in 1950. The armed services also will buy more though their takings are expected to amount to only a small share of total production. Demand of processors for fruit for canning and drying also may be stronger because of the prospect for small stocks at the beginning of the 1951 pack season.

The price effect of stronger demand is expected to be largely offset by a larger total production of fruit next year if the weather is at least average.

Production prospects differ considerably among the individual fruits. If the weather is average, the 1951 crops of pears, plums and prunes, peaches, sweet cherries and grapes are expected to be larger than in 1950. Crops likely to be smaller than in 1950 include apples, sour cherries and cranberries. The 1951-52 crops of grapefruit and oranges may be up from 1950-51 while output of lemons and limes may be about the same.

Production prospects are a guide to the price outlook for next season's fruit crops. Prices of apples, sour cherries and cranberries are expected to average above 1950. The average for oranges, grapefruit, lemons, peaches and sweet cherries may be lower. Not much change is expected for pears, plums and prunes, and possibly grapes.

Exports of fruit in 1951 probably will increase over 1950. We probably will import about the same amount of bananas and get the usual quantity of canned pineapple and pineapple juice from Hawaii.

Vegetables

WITH DEMAND expected to strengthen in 1951, prices for vegetables may average somewhat higher than in 1950. However, production, both for the fresh market and for processing, probably will be at least slightly larger next year in line with the long-time trends and in anticipation of stronger demand.

Onions and cabbage are likely to be exceptions. This year, prices of these products were very low. If farmers follow their usual practice of reducing acreage after a year in which prices were very low, production of cabbage and onions will decline in 1951.

Because of increased military requirements for canned vegetables, commercial canners probably will try to contract for larger acreages of most crops except cabbage for kraut. They probably will offer farmers higher prices to get the desired increases. Stocks of frozen vegetables are a rec-

ord but with demand expected to increase, commercial freezers probably will try to maintain or expand acreages.

The price outlook for potatoes is more gloomy than for most other vegetables. There probably will be no support program next year for the first time in almost a decade. With average weather, the crop is likely to exceed domestic and export requirements. If the margin over requirements is substantial, prices next year will be very low.

Demand for sweetpotatoes probably will be stronger than in 1950. The acreage planted to the crop probably will be about the same as this year. If production does not increase over 1950, prices probably will average higher than for this year's crop.

The 1950 crop of dry beans was considerably below the 1949 record but stocks at the beginning of the marketing year were very large. Demand has been increasing and stocks are being reduced.

Demand for dry peas was unusually strong during and just after the war, but is now back to about prewar levels. Demand is not likely to increase much in 1951 unless special requirements develop.

Tobacco

WITH EMPLOYMENT and consumer incomes expected to reach new peaks next year Americans are likely to use more tobacco than in 1950. Our foreign customers are likely to buy more unmanufactured tobacco from us than this year.

Output of cigarettes next year is expected to top the record of 395 billion estimated for 1950. This will mean a continuing strong demand for the cigarette tobaccos—flue-cured, Burley and Maryland. Supplies of flue-cured appear fairly tight but those of Maryland and Burley appear ample. Cigarette manufacture absorbs 75 to 80 percent of the tobacco used domestically.

About 363 billion of the cigarettes manufactured this year are being used in the United States. The other 32 billion are going to overseas forces, United States territories and foreign countries.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

| Commodity | 5-year average | | | | Effective parity prices Nov. 15, 1950 ¹ | |
|---------------------------------------|--|----------------------------|---------------|---------------|--|-------|
| | Base period price 1910-14 ¹ | January 1935-December 1939 | Nov. 15, 1949 | Oct. 15, 1950 | | |
| Basic commodities: | | | | | | |
| Cotton (pound).....cents | \$ 12.4 | 10.34 | 27.67 | 38.90 | 41.13 | 32.12 |
| Wheat (bushel).....dollars | 1.884 | .837 | 1.90 | 1.91 | 1.94 | 2.29 |
| Rice (cwt.).....do | 1.98 | 1.65 | 4.13 | 4.99 | 5.33 | 5.21 |
| Corn (bushel).....do | 1.642 | .691 | 1.02 | 1.37 | 1.37 | 1.66 |
| Peanuts (pound).....cents | 4.8 | 3.65 | 10.4 | 10.7 | 11.0 | 12.4 |
| Designated nonbasic commodities: | | | | | | |
| Potatoes (bushel).....dollars | 1.12 | .717 | 1.34 | .858 | .978 | 1.80 |
| Butter at (pound).....cents | 27.7 | 29.1 | 62.6 | 62.8 | 63.5 | 72.9 |
| Milk, wholesale (100 lb.).....dollars | 1.73 | 1.81 | 4.25 | 4.25 | 4.37 | 4.55 |
| Wool (pound).....cents | 20.1 | 23.8 | 46.9 | 64.5 | 72.2 | 52.9 |
| Other nonbasic commodities: | | | | | | |
| Barley (bushel).....dollars | 1.619 | .833 | 1.10 | 1.12 | 1.14 | 1.82 |
| Cottonseed (ton).....do | 26.30 | 27.52 | 42.30 | 81.50 | 98.40 | 69.20 |
| Flaxseed (bushel).....do | 1.71 | 1.69 | 3.57 | 2.96 | 3.14 | 4.30 |
| Oats (bushel).....do | 1.398 | .340 | .664 | .735 | .806 | 1.978 |
| Rye (bushel).....do | 1.21 | .554 | 1.25 | 1.27 | 1.32 | 1.77 |
| Forchum, grain (100 lb.).....do | 1.21 | 1.17 | 1.66 | 1.63 | 1.77 | 2.07 |
| Foybeans (bushel).....do | 1.00 | .954 | 1.95 | 2.03 | 2.54 | 2.63 |
| weetpotatoes (bushel).....do | .921 | .807 | 1.89 | 1.54 | 1.48 | 2.42 |
| Beef cattle (100 lb.).....do | 6.78 | 6.56 | 18.90 | 24.30 | 25.00 | 17.80 |
| Chickens (pound).....cents | 11.4 | 14.9 | 23.1 | 22.7 | 22.6 | 30.0 |
| Eggs (dozen).....do | 21.8 | 21.7 | 47.0 | 43.2 | 45.6 | 52.9 |
| Hogs (100 lb.).....dollars | 7.52 | 8.38 | 15.60 | 19.20 | 17.80 | 19.80 |
| Lambs (100 lb.).....do | 7.48 | 7.79 | 21.40 | 25.60 | 26.70 | 19.70 |
| Veal calves (100 lb.).....do | 7.62 | 7.80 | 21.70 | 27.50 | 28.20 | 20.00 |
| Oranges, on tree (box).....do | 2.29 | 1.11 | 1.34 | 1.57 | 1.46 | 3.70 |
| Apples (bushel).....do | 1.04 | .90 | 1.43 | 1.98 | 1.96 | 2.74 |
| Hay, baled (ton).....do | 8.71 | 11.20 | 21.50 | 20.60 | 21.20 | 21.20 |

¹ Adjusted base period prices 1910-14, based on 120-month average January 1940-December 1949 unless otherwise noted.

² Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

³ 60-month average, August 1909-July 1914.

⁴ Revised.

⁵ 10-season average 1919-28.

⁶ Transitional parity, 95 percent of parity price computed under formula in use prior to Jan. 1, 1950.

⁷ Preliminary.

Small increases in the use of cigars, smoking tobacco, chewing tobacco and snuff also are in prospect for next year. This may strengthen demand for fire-cured, dark air-cured, cigar filler, binder and wrapper tobaccos. Supplies of most of these types are large.

Export demand for tobacco will be strongest for cigarette types, especially flue-cured which will make up three-fourths or more of the total. Over the long run, foreign nations have steadily reduced their takings of the dark tobacco types. Accounting for this is increased production of these types abroad and the growing popularity of cigarettes made from lighter tobacco.

This year, we expect to export about 545 million pounds of tobacco—farm sales weight—slightly more than a fourth of the size of our 1950 crop. An important reason for expecting increased takings next year is the general

improvement in the dollar exchange position of our foreign customers.

The 1951 support levels for most kinds of tobacco are likely to be higher than those applying to the 1950 crop since the parity index is expected to advance further.

Food

SUPPLIES of food in the Nation's grocery stores are expected to be little larger in 1951 than this year.

With prospects for favorable prices, farmers are likely to boost production of food products next year to a new record. Stocks of staple foods in the hands of commercial concerns are large and Government holdings of dairy products and some other foods are available for distribution. Our exports of food have declined from the

(Continued on p. 16)

Economic Trends Affecting Agriculture

| Year and month | Industrial production (1935-39=100) ¹ | Total income of industrial workers (1935-39=100) ² | Average earnings of factory workers per worker (1910-14=100) ³ | Whole-sale prices of all commodities (1910-14=100) ⁴ | Index numbers of prices paid by farmers (1910-14=100) ⁵ | | | Index numbers of prices received by farmers (1910-14=100) | | | |
|----------------------|--|---|---|---|--|--|---|---|------------------|--------------|----------------|
| | | | | | Com-modities | Wage rates for hired farm labor ⁶ | Com-modities, interest, taxes, and wage rates | Livestock and products | | | |
| | | | | | | | | Dairy products | Poultry and eggs | Meat animals | All live-stock |
| 1910-14 average..... | 58 | 80 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1915-19 average..... | 72 | 90 | 152 | 158 | 149 | 147 | 148 | 147 | 153 | 162 | 157 |
| 1920-24 average..... | 75 | 122 | 221 | 160 | 159 | 181 | 168 | 159 | 161 | 121 | 140 |
| 1925-29 average..... | 98 | 129 | 232 | 143 | 151 | 184 | 161 | 161 | 155 | 145 | 152 |
| 1930-34 average..... | 74 | 78 | 179 | 107 | 121 | 121 | 124 | 105 | 94 | 83 | 91 |
| 1935-39 average..... | 100 | 100 | 100 | 118 | 124 | 121 | 125 | 119 | 108 | 117 | 115 |
| 1940-44 average..... | 192 | 236 | 315 | 136 | 148 | 211 | 152 | 169 | 145 | 166 | 162 |
| 1945 average..... | 203 | 291 | 389 | 154 | 180 | 359 | 189 | 230 | 194 | 207 | 210 |
| 1946 average..... | 170 | 276 | 382 | 177 | 197 | 387 | 207 | 267 | 197 | 247 | 241 |
| 1947 average..... | 187 | 328 | 436 | 222 | 231 | 419 | 240 | 272 | 219 | 329 | 287 |
| 1948 average..... | 192 | 354 | 472 | 241 | 250 | 442 | 259 | 300 | 235 | 361 | 314 |
| 1949 average..... | 176 | 325 | 478 | 226 | 240 | 429 | 250 | 261 | 210 | 311 | 272 |
| 1949 | | | | | | | | | | | |
| November..... | 173 | 313 | 474 | 221 | 236 | | 245 | 261 | 216 | 286 | 262 |
| December..... | 179 | 323 | 489 | 221 | 237 | | 246 | 261 | 194 | 280 | 255 |
| 1950 | | | | | | | | | | | |
| January..... | 183 | 323 | 450 | 221 | 238 | 429 | 249 | 254 | 188 | 286 | 249 |
| February..... | 180 | 316 | 451 | 223 | 237 | | 248 | 250 | 155 | 306 | 257 |
| March..... | 187 | 337 | 453 | 223 | 239 | | 250 | 243 | 161 | 301 | 258 |
| April..... | 190 | 340 | 466 | 223 | 240 | 427 | 251 | 255 | 161 | 312 | 256 |
| May..... | 195 | 349 | 452 | 225 | 244 | | 254 | 230 | 154 | 342 | 269 |
| June..... | 196 | 362 | 513 | 230 | 245 | | 255 | 227 | 156 | 342 | 268 |
| July..... | 196 | 366 | 516 | 238 | 247 | 429 | 256 | 232 | 173 | 371 | 287 |
| August..... | 209 | 362 | 526 | 243 | 248 | | 258 | 240 | 191 | 369 | 292 |
| September..... | 210 | 397 | 528 | 247 | 252 | | 261 | 248 | 197 | 372 | 298 |
| October..... | | | | 247 | 253 | 427 | 261 | 261 | 201 | 358 | 296 |
| November..... | | | | | 255 | | 263 | 267 | 209 | 357 | 299 |

| Year and month | Index numbers of prices received by farmers (1910-14=100) | | | | | | | | All crops and live-stock | Parity ratio ¹ |
|----------------------|---|---------------------|----------|--------|-------------------|-------|-------------|-----------|--------------------------|---------------------------|
| | Crops | | | | | | | | | |
| | Food grains | Feed grains and hay | To-bacco | Cotton | Oil-bearing crops | Fruit | Truck crops | All crops | | |
| 1910-14 average..... | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1915-19 average..... | 193 | 161 | 183 | 175 | 201 | 126 | 152 | 171 | 164 | 111 |
| 1920-24 average..... | 147 | 125 | 189 | 197 | 155 | 157 | 152 | 162 | 150 | 89 |
| 1925-29 average..... | 141 | 118 | 169 | 150 | 135 | 146 | 145 | 143 | 148 | 92 |
| 1930-34 average..... | 70 | 76 | 117 | 77 | 78 | 98 | 104 | 84 | 68 | 71 |
| 1935-39 average..... | 94 | 95 | 172 | 87 | 113 | 95 | 95 | 99 | 107 | 86 |
| 1940-44 average..... | 123 | 119 | 241 | 138 | 170 | 150 | 164 | 145 | 154 | 101 |
| 1945 average..... | 172 | 161 | 360 | 178 | 228 | 244 | 207 | 203 | 206 | 109 |
| 1946 average..... | 201 | 196 | 376 | 237 | 260 | 250 | 182 | 227 | 234 | 113 |
| 1947 average..... | 270 | 249 | 374 | 272 | 363 | 212 | 226 | 263 | 275 | 115 |
| 1948 average..... | 250 | 250 | 380 | 270 | 351 | 174 | 214 | 252 | 285 | 110 |
| 1949 average..... | 219 | 170 | 308 | 245 | 242 | 199 | 201 | 223 | 249 | 100 |
| 1949 | | | | | | | | | | |
| November..... | 215 | 157 | 369 | 233 | 220 | 172 | 213 | 210 | 237 | 97 |
| December..... | 219 | 198 | 394 | 223 | 225 | 174 | 190 | 210 | 233 | 95 |
| 1950 | | | | | | | | | | |
| January..... | 218 | 170 | 382 | 222 | 228 | 185 | 261 | 219 | 236 | 94 |
| February..... | 219 | 171 | 389 | 231 | 228 | 186 | 203 | 215 | 237 | 96 |
| March..... | 224 | 174 | 389 | 236 | 230 | 193 | 168 | 211 | 237 | 95 |
| April..... | 227 | 181 | 389 | 242 | 239 | 206 | 205 | 225 | 241 | 96 |
| May..... | 230 | 190 | 387 | 246 | 248 | 195 | 178 | 223 | 247 | 97 |
| June..... | 218 | 190 | 388 | 251 | 254 | 207 | 182 | 225 | 247 | 97 |
| July..... | 226 | 195 | 387 | 278 | 267 | 211 | 200 | 236 | 263 | 103 |
| August..... | 224 | 193 | 394 | 311 | 293 | 200 | 164 | 239 | 267 | 103 |
| September..... | 221 | 194 | 428 | 336 | 303 | 217 | 126 | 243 | 272 | 104 |
| October..... | 219 | 188 | 426 | 327 | 300 | 207 | 138 | 238 | 268 | 103 |
| November..... | 224 | 192 | 428 | 346 | 351 | 194 | 188 | 250 | 276 | 105 |

¹ Federal Reserve Board: represent: output of mining and manufacturing; monthly data adjusted for seasonal variation.

² Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised January 1950.

³ Bureau of Labor Statistics.

⁴ Revised January 1950.

⁵ Farm wage rates simple averages of quarterly data, seasonally adjusted.

⁶ Revised. Preliminary.

⁷ Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. ⁸ 1924 only.

Food

(Continued from p. 14)

high levels of the immediate postwar period and probably will go down again next year. On the other hand, we'll probably import at least as much food as in any year since 1941.

The armed services will need more food as more men and women enter the services. But the services are not likely to take more than 3 to 4 percent of the total amount distributed unless they are expanded more than is now planned. Food supplies available to civilians are likely to be the highest on record. Because of the increase in the population, supplies per person are not likely to equal the 1946 peak though they are expected to be somewhat higher than in the last 2 or 3 years.

Largest increases in supplies next year are expected for most of the livestock products, margarine, fresh fruits and vegetables and canned vegetables. Supplies of canned fish and shortening are expected to be smaller than this year.

Consumer demand for food has strengthened since spring and is expected to strengthen further in 1951 as consumer buying power expands. The prospective rise in employment, hours worked and hourly wage rates will increase consumer incomes. Larger social security benefits will permit increased food consumption by some individuals. The likelihood of reduced output of some types of consumer goods, particularly the durables and credit controls, may result in consumers spending a larger proportion of their incomes for food than this year.

Retail food prices have been rising during most of 1950 with a fairly sharp increase occurring after the conflict in Korea began. By fall, the Bureau of Labor Statistics' index of retail prices averaged 4 percent below the peak of the summer of 1948. Since the increase in supplies is not likely to be large enough to keep up with the strengthening in demand, retail food prices by mid-1951 are likely to be moderately higher than they were this fall.

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